

# NAPSNet Daily Report 07 July, 1997

# **Recommended Citation**

"NAPSNet Daily Report 07 July, 1997", NAPSNet Daily Report, July 07, 1997, https://nautilus.org/napsnet/napsnet-daily-report/napsnet-daily-report-07-july-1997/

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#### **I. United States**

# 1. DPRK Formal Leadership Succession

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US State Department Spokesman Nicholas Burns ("STATE DEPT. NOON BRIEFING, JULY 7," USIA Transcript, 7/07/97) responded to questions concerning whether the US expected that DPRK leader Kim Jong-il would assume the formal title of president on the third anniversary of the death of his father, Kim Il-sung. Burns stated: "Well, in Secretary Christopher's famous words, 'North Korea is an opaque society.' Far be it from me to venture a guess as to what will happen within the leadership and who will assume which titles. We have seen all the press reporting on this, but I think we will have to wait until Kim Jong Il decides what to do. I don't want to predict what's going to happen there. We just hope that North Korea will continue to abide by the international agreements that are so important to us in our relationship with North Korea." Asked if the disposition of the title of presidency was an indication of the stability o

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#### 2. ROK Economic Growth

The Associated Press ("S. KOREA ECONOMY MAY GROW 6 PERCENT," Seoul, 7/07/97) reported that the Bank of Korea projected Monday that the ROK economy will grow by 6 percent this year. The latest estimate by the central bank amends its earlier projection of 5.5 percent. The bank said the nation's gross domestic product, propelled by rising exports, will grow by 6.3 percent in the second half of this year, after expanding by 5.6 percent in the first half. However, the 6.3 percent projection is still lower than the 6.9 percent growth in the second half of last

year, and the annual projection is less than the 7.1 percent growth in 1996.

### 3. Taiwan Implications of Hong Kong Handover

The Associated Press ("CHINA SPELLS OUT TAIWAN PLANS," Taipei, Taiwan, 7/07/97) reported that, in the wake of its resumption of sovereignty over Hong Kong, the PRC erected two new three-story billboards on its coastline facing Taiwan's Quemoy island, proclaiming, "One country, two systems, reunify China," in giant red Chinese characters. The slogan refers to the framework that brought Hong Kong under PRC sovereignty while allowing it to keep its capitalist system and institutions for 50 years, and that Beijing hopes also to apply to Taiwan, home to the Nationalists who fled the communist takeover of the mainland in 1949. However, Taiwan's leaders have rejected this formula, insisting on reunification as equal partners, and plan to respond by displaying the words "Liberty, Democracy, Prosperity" on illuminated watchtowers and billboards facing the Chinese city of Xiamen from Quemoy, three miles away. Quemoy and Xiamen were the front lines during the decades when China and Taiwan faced each other on a permanent war footing. Nationalist forces fought off an attempted invasion of Quemoy in 1950, and the sides exchanged sporadic artillery barrages from 1958 through 1978.

# 4. Cambodian Coup

The Associated Press ("COUP CARRIED OUT IN CAMBODIA," Phnom Penh, Cambodia, 7/07/97) reported that two days of fierce fighting between rival Cambodian leaders in the capital of Phnom Penh ended Monday with the apparent victory of Second Prime Minister Hun Sen over First Prime Minister Prince Norodom Ranariddh. Forces loyal to coup leader Hun Sen, following their victory, rampaged through the streets of the capital today, carting off televisions, washing machines and mattresses in an spasm of looting. With the overrunning of the prince's key strongholds, many of his supporters were forced to surrender. Others subsequently were arrested, including the former secretary of state for the Interior Ministry, Ho Sok. The prince fled to France a day before the coup began Saturday. Hospital officials said at least 35 people were killed as mortar, rocket and machine-gun fire sent thousands of residents streaming out of Phnom Penh in panic. The actual weekend death toll was thought to be much higher. The coup marked the final unraveling of a peace settlement worked out by UN negotiators in 1991 to end the civil war. The deal led to elections in 1993 won by Ranariddh's party. However, Hun Sen then bullied his way into a coalition government by vowing to continue the civil war.

US State Department Spokesman Nicholas Burns ("STATE DEPT. NOON BRIEFING, JULY 7," USIA Transcript, 7/07/97) said that the United States is calling on Cambodian authorities to end the civil violence between rival ruling factions that spread through the capital over the weekend. Burns stated: "It is a very chaotic situation. It is hard to understand everything that may or may not be happening at the present time, but all of our efforts will go towards urging the two prime ministers and their political parties to respecting the Paris Peace Accords of 1991, to making sure that they abstain from violence, that they agree to work out their differences peacefully. No one wants to see a repetition of the fighting that occurred over the weekend that left so many people dead and endangered the lives of many others and that threw Cambodia into a state of political chaos." Burns said the US Embassy in Phnom Penh has been in "constant contact" with representatives of both Cambodian prime ministers, and Acting Secretary of State Thomas Pickering was meeting July 7 with representatives of the Association of Southeast Asian Nations (ASEAN) to exchange information and discuss the "political meaning" of the violence. Burns described the situation in Cambodia as "very chaotic" and said that "at this point" the origin of the fighting remains "murky." The United States would use the next 24 hours, Burns said, "to make better sense of the political situation and to ask for the insights of other countries." An estimated 1,500 US citizens are currently in Cambodia and their

safety is "our primary concern," Burns said. The US is not contemplating any evacuation at the moment, but has advised all US citizens in Cambodia not to venture out of doors. The State Department has also issued a warning urging US citizens not to travel to Cambodia for the time being, Burns said.

The Associated Press ("U.S. WANTS END TO CAMBODIA VIOLENCE," Washington, 7/07/97) reported US State Department spokesman Nicholas Burns' expressions of US concern over the civil warring in Cambodia. The report also said that a senior US Defense Department official said an amphibious ready group led by the assault ship USS Belleau Wood was to leave Sasebo, Japan, on Tuesday, a day earlier than first planned, to help position US forces in case a Cambodian evacuation becomes necessary. The official stressed it would take some days for the warship to travel the distance between Japan and the South China Sea. Meanwhile, a senior military officer said the State Department has as yet made no move to seek assistance from the Defense Department.

### II. Republic of Korea

### 1. DPRK Formal Leadership Succession

With only two days until the third anniversary of former DPRK President Kim Il-sung's death, attention is being focused on when his son, Kim Jong-il, will officially take over key government posts once held by his father. The DPRK appears to have no time to waste because it has already been a target of scorn from the outside world due to the official absence of the top ruler. The ROK National Unification and Foreign Ministries predict that it is highly likely that Kim Jong-il will assume the two titles of State President and General Secretary of the Workers' Party within this year. "The most likely scenario is that Kim Jong-il will become General Secretary of the Workers' Party, while nominating his aide as President," a senior analyst of the ROK's National Unification Ministry said. As it requires a wide range of public responsibilities to serve as president, the media-shy ruler is unlikely to take that role, he added. Therefore, either Vice President Li Jong-ok or Vice President Pak Song-chol is likely to be promoted to state president, he said. Officially, however, the ministry believes that Kim is likely to take over both of the two key titles to ensure political stability, although it cannot totally rule out the possibility that his succession would be postponed until next year. Kim appears ready to take over key state posts, timed with the September 9 anniversary of the DPRK regime's founding or the October 10 anniversary of the Workers' Party's founding. Kim Jong-il's assumption of key official posts this year will hinge on whether he has enough confidence to rule the DPRK suffering from chronic food shortages and an almost bankrupt economy. When Kim's official ascent has finally been realized, the ROK's National Unification Ministry noted, the DPRK might take a "flexible" posture over the possibility of an inter-Korean summit meeting. "From the DPRK's perspective, a South-North summit meeting could bring about both favorable and unfavorable consequences," the ministry said. The positive side of an inter-Korean summit for the DPRK would be Pyongyang's gaining recognition from Seoul of the Kim Jong-il regime, expand economic cooperation and realize the dead president's plan. On the negative side, the ROK's influence over the DPRK would increase and the image of ROK as a "prime enemy" may be shattered, the ministry said. (Korea Times, Son Key-young, "NK GEARS UP FOR KIM JONG-IL'S ENTHRONEMENT," 07/07/97)

# 2. DPRK Military Intentions

According to a ROK Defense Ministry intelligence official, although the DPRK is capable of launching an attack on the ROK, there are no signs at the moment that the North would commit such a provocation. He said many of the 1.1 million soldiers are now being mobilized to the rice

paddies to help ease the severe food shortage. The DPRK has deployed 170mm and 240mm multiple rocket launchers near the DMZ, and is developing Scud-type Nodong missiles that could hit targets anywhere in the ROK and parts of Japan. The DPRK recently produced a number of infiltration aircraft and small warships, and doubled the number of patrol ships in the West Sea after the May 12 defection of 14 North Koreans to the ROK via the West Sea, according to the official. During its December 1996-April 1997 war games, the DPRK conducted strengthened maneuvers of its mechanized forces, and DPRK forces have stockpiled 1.2 million tons of combat rations, he said. The official said the widespread rumor among the DPRK people that a war may break out between July and October may have been intentionally created by DPRK authorities. With the third anniversary of Kim Il-sung's death approaching, the DPRK has put its DMZ troops in a state of emergency. Pyongyang said it would close the border and international air and sea ports today until Thursday. The DPRK has also asked a US mission, due in Pyongyang to investigate Korean War MIAs, to delay its arrival until Friday. (Korea Herald, "NORTH BEEFS UP WAR READINESS DESPITE SERIOUS FOOD SHORTAGE'; PYONGYANG PUTS SOLDIERS ALONG THE DMZ ON THE ALERT," 07/07/97)

# 3. CIA Report on PRC's Weapons Capabilities

A CIA report identifies the PRC as the world's leading source of technology for weapons of mass destruction, including nuclear missile technology and chemical weapon systems. An unclassified six-page report submitted to the US Congress, which was made public this week, cites the PRC and, to a lesser extent, Russia as sources for the spread of chemical, biological and nuclear technology. The report, written by the CIA's Nonproliferation Center, identified the PRC as "the most significant supplier of WMD (Weapons of Mass Destruction)-related goods and technology to foreign countries" in the latter half of 1996, the period covered by the report. The report also includes other states' (i.e. Iran and Syria) intentions to acquire WMD technology. To check the flow of chemical, biological and nuclear weapons technology, the CIA points to a range of policy options. They include export controls, incentives to reduce arms transfers, military assistance or security guarantees, and actual seizure of materials. The US is the world's leading arms exporter, a ranking that poses a problem for US diplomats trying to dissuade foreign governments from trading in weapons of mass destruction, said John Isaacs of the Council for a Livable World. "The US does try to have it both ways, to tell other countries that they can't sell weapons while we sell almost any weapon to almost any country," said Isaacs, whose group advocates arms reduction. "It's harder for the US to make an effective case when our hands aren't clean." (Korea Times, "PRC LEADS IN SELLING MISSILE TECHNOLOGY: CIA," 07/04/97)

### 4. ROK Pushes KTX-2 Project

The ROK government decided yesterday to go ahead with the development of training jets for the Air Force, a project code-named KTX-2. The decision, hailed by the Air Force and defense contractors involved, was made at a cabinet meeting presided over by Prime Minister Koh Kun. The US\$1.7 billion project, to be launched later this year, will include Samsung Aerospace and 11 other ROK firms which will complete the design, production, and test flights of the prototype training jet over the next eight years. The Air Force will purchase a total of 94 training jets between 2005 and 2100, at a cost of 20 billion won per plane. The government will provide 70 percent of the total development and production costs, while Samsung and Lockheed Martin will bear the remaining 30 percent of the costs. The US contractor will also contribute technological expertise. From 1992 to 1995, ROK designers and engineers did exploratory development of the KTX-2 jet, in joint research with Lockheed Martin at a cost of 57.1 billion won (US\$64 million). From 1995 to now, however, the project was deadlocked due to disagreements among government agencies. The ROK Ministry of Finance and Economy was one of the agencies not

supportive of the project, citing budget limits. However, the Air Force strongly insisted on the need for the project, which it said would be vital for the development of ROK's aerospace technology and industry. A KTX-2 training jet, when armed with missiles and bombs, could simultaneously be used as a light jet fighter, with a mission capability level between F-5 jets and more advanced F-16 fighters, an ROK Air Force official said. (Korea Herald, "GOVERNMENT PUSHES KTX-2 PROJECT," 07/04/97)

# 5. US-DPRK Negotiations

US and DPRK officials met for five hours last Wednesday, discussing such issues as missile proliferation, US MIAs from the Korean War, and the opening of liaison offices. Although few details were available from the meeting, the head of the DPRK delegation, Vice Foreign Minister Kim Gye-gwan, said after the meeting that "talks were held in a positive atmosphere." A US State Department official said the DPRK, which is facing massive starvation, made another appeal for food aid. Acting Assistant Secretary of State Charles Kartman, leading the US delegation, reiterated the US' standing policy that it has provided food aid when assistance is requested by international humanitarian organizations such as the World Food Program. "We are not prepared to link our humanitarian assistance to other issues," the State Department official said. The official played down the importance of Wednesday's talks, noting that the DPRK and US officials have met many times this year: "This is just an opportunity for diplomats to talk about things that are of interest to their countries. Diplomats do that every day." The meeting came two days after diplomats from both Koreas and the US announced they would meet, along with the PRC, for talks August 5 to prepare for negotiations aimed at ending the Korean War. (Korea Times, "MISSILE, FOOD AID ON AGENDA OF US-NK TALKS," 07/04/97) [Ed. note: Burns comments were excerpted in "US-DPRK Bilateral Meeting" in the US section of the July 3 Daily Report.]

#### 6. ROK to Proceed with Nuclear Generator

The ROK Ministry of Trade and Industry and the Korea Electric Power Corporation (KEPCO) jointly announced Friday that they will continue the construction of the nuclear power plant in Wolsung, despite recently raised safety concerns as a result of the Yangsan earthquake. The ministry said the nuclear plant was originally designed to tolerate maximum limits based on the area's past record and an analysis of the geographic structure of the Korean Peninsula. KEPCO's Hong Joo-bo said even though the Yangsan fault line was found to be active, the Wolsung nuclear power plant was designed to withstand an earthquake 6.5 on the Richter scale, well within safety limits. KEPCO said the result of the survey currently being carried out by the Korea Institute of Resources will be available by June next year, and it will take appropriate measures deemed necessary by the results. (Chosun Ilbo, "WOLSUNG NUCLEAR POWER PLANT TO BE CONSTRUCTED AS SCHEDULED," 07/07/97)

# 7. ROK-Japan Water Boundary Disputes

Japan released two ROK fishing boats and their 16 crew members yesterday after detaining them for more than two weeks for violating its newly expanded territorial waters, ROK Foreign Ministry officials said. Four ROK fishing vessels were seized between June 8 and 15 for crossing into new territorial boundary which took effect at the beginning of the year. The release of the two boats came after ROK Foreign Minister Yoo Chong-ha lodged a strong protest over their detention to his Japanese counterpart Yukihiko Ikeda in a meeting in Hong Kong last Tuesday. However, ministry officials reported that the captains of the two vessels and that of a third Korean fishing boat which was captured for the same reason, have been referred for summary trial by a Japanese court. The captain of the fourth vessel was freed last month after paying a

fine of 500,000 ven. During a meeting with Ikeda, Yoo demanded that Japan delay the implementation of regulations on its new territorial limits until it reaches an agreement with the ROK on a revision to the existing bilateral fishery accord. Japan has become increasingly impatient with the ROK's slow moves toward rewriting the accord, which Japanese fishermen and politicians say falls short of controlling illegal operation by ROK fishing boats off Japan's coast. The ROK has said the work to rewrite the 1965 fishery accord should be done alongside negotiations on the boundaries of the 200-nautical mile exclusive economic zones (EEZ) of the two countries. However, the EEZ border talks have stalled over the issue of overlapped claims to the Tokto islets in the sea between the two countries. In a measure to circumvent the thorny issue, Japan proposed a tentative agreement, which would set up a joint management of the seas around the Tokto islets. Facing the ROK's objection to the offer, Japan has suggested modified versions of the tentative accord. The seizure of the ROK fishing boats was viewed here as part of Japan's tactic of pressing ROK into an early acceptance of the new fishery agreement. During the latest round of fishery talks in Seoul last month, Japan renewed its threat to unilaterally abolish the existing fishery accord, if the two countries fail to work out a revision by July 20. ROK delegates responded that they would not accept the date as deadline for the fishery talks, and after reviewing the draft revisions drawn up by Japan, they have not yet decided whether to accept the idea of a tentative agreement. (Korea Herald, "JAPAN FREES FISHERMEN AS DISPUTE DRAGS ON," 07/04/97)

#### **III. Russian Federation**

### 1. RF Subcommittee Chairman on RF-DPRK Relations

Izvestia ("DEVELOPMENT OF RELATIONS WITH PYONGYANG IS IN RUSSIA'S VITAL GEOPOLITICAL INTERESTS IN THE FAR EAST," Moscow, 3, 6/26/97) published an interview with Mikhail Monastyrskiy, Chairman of Subcommittee on South East Asia and the Pacific Region, Committee on Geopolitical Issues, RF State Duma, who visited Pyongyang in early June at the invitation of the DPRK Supreme People's Assembly. Admitting that there are some problems in RF-DPRK relations, the Chairman said he told his DPRK counterparts that they were wrong in equally blaming the RF and the US for the Korean division. In his opinion, while the decision to create occupation zones in Korea was made in Yalta in 1945, "the main guilt for the multimillion victims" of the Korean War lies with the US, and "Russians never killed Koreans" either in the 1950s or earlier. Besides, while the US and Britain have retained their identities up to this day, "the contemporary Russia is not at all the USSR of Stalin's era." Monastyrskiy agreed that the "DPRK economy is not at its heyday" due to the "loss of market in the USSR and other socialist countries, the need to spend huge funds to maintain defense in view of increasing pressure from US-South Korean military alliance and, finally, unprecedented natural cataclysms." But he argued that if some necessary measures were taken in the RF the volume of RF-DPRK cooperation could well reach US\$2.5-3 billion, and the prospect for RF-DPRK commercial exchange is higher than that of RF-ROK cooperation because the ROK economy has long been conditioned to interact with Western economies. Concerning his recent visit to the DPRK, Monastyrskiy said: "My arrival at Pyongyang felt like a return to my green years, the time when the Soviet Union was at its peak." However, he admitted the existence "economic difficulties" there, including "tensions in agriculture due to extremely cold weather" and "shortage of raw materials and spare parts" at enterprises, but "all those we met there .... feel optimistic." He denounced some RF mass media "bad taste jokes" about "grass-eating" in the DPRK and stressed the role of various natural weeds in national traditional medicine, mentioning the fact that in Pyongyang "nobody would even think about picking fruit from fruit trees, for instance, at the huge Mangende park complex" in that "orchard-city."

### 2. RF Foreign Minister Visiting ROK

Nezavisimaia gazeta ("PRIMAKOV TO GO TO HONG KONG AND SEOUL," Moscow, 4, 6/25/97) reported that RF Foreign Minister Yevgeniy Primakov is expected to visit the ROK in early July after attending the ceremonies of Hong Kong return to the PRC sovereignty.

# 3. RF Missiles Not Aimed at Japan

Kommersant-Daily ("RUSSIAN MISSILES NOT AIMED AT JAPAN ANYMORE," Moscow, 3, 6/27/97) reported RF Presidential Press Secretary Sergey Yastrzhembskiy as saying on June 26 that, in accordance with RF President Boris Yeltsin's statement at the Denver Summit, the decision not to aim RF strategic nuclear missiles at Japan has been implemented by RF Defense Ministry.

### 4. RF Border Guards Attack on Japanese Fishermen

Nezavisimaia gazeta ("JAPANESE VESSELS VIOLATE RF BORDER EVEN AFTER TOKYO'S CURTSEY TO MOSCOW AT DENVER," Moscow, 1, 6/27/97) reported that Japan's Foreign Ministry urged the RF to investigate a RF Border Guard patrol ship's attack on a Japanese schooner which injured two Japanese fishermen. Claiming that the schooner had intruded 14 kilometers into RF territorial waters in order to poach, Innokentiy Nalyotov, Chief of RF Naval Forces remarked that RF "border guards have used and will use all means for resolute suppression of border violations and poaching of sea resources within the RF territorial waters."

Segodnya ("ROUND ABOUT THE SOUTHERN KURILS," Moscow, 4, 6/24/97) reported that the tenth round of RF-Japan talks on fishing cooperation in the Southern Kurils area will start in Moscow on July 1. All of the previous rounds have failed to bring a solution to the issue closely related to "Japanese fishermen' illegal poaching in Russian territorial waters around the Japanclaimed isles of the Southern part of the Kurils."

#### 5. RF Media on Southern Kurils Issue

Kommersant-Daily ("ISLES OF BAD LUCK," Moscow, 3, 6/24/97) commented on Japan's reported pre-Denver demands for a linkage between the RF accession to the Summit and the RF-Japan territorial issue by an article signed "Otdel Politiki" [Policy Department - PR] which dwelled on the history of the Kurils since the 18th century and concluded that "a politician okaying the Isles transfer will thus ruin his career - the self-respecting powers don't give away lands so easily, besides legally Moscow's positions look almost invincible. Moreover .... the [RF] Pacific Fleet has got an access to the Sea of Okhotsk and the Pacific Ocean through the Straits of Catherine. Non-freezing passages between the Isles allow for the year-round navigation between [RF] Far Eastern ports and the Pacific Rim countries. Finally, the reserves of mineral, fish and geological maritime resources are estimated to be tens of billions of dollars .... Thus the territorial problem requires a solution to be approved by both parties."

Nezavisimaia gazeta ("HONG KONG EXPERIENCE NOT TAKEN INTO ACCOUNT IN MOSCOW," Moscow, 1, 2, 6/28/97) reported on the preparations for "the loss by the British Empire of its last colony in Asia" and the experience applicability to "the Russian Empire" which "lost almost all its colonies long ago. Presently it is losing one more in the Caucasus. It has practically gave up the idea .... to obtain such in the Crimea. And yet one more problem, that of four of the Kuril chain isles, is a looming prospect." The author speculated on using "the Hong Kong mold" in the latter case. He Recalled RF President Boris Yeltsin's January 1990 5-step solution proposal made on a visit to Japan: 1) recognition of the problem's existence; 2) making

the Southern Kurils a free economic zone (FEZ); 3) demilitarization; 4) RF-Japan peace treaty conclusion; 5) the issue final solution by the future generations. The author argued that Yeltsin's strategic plan has been gradually carried out since then. Step 1 was fulfilled in particular by RF-Japan Tokyo Declaration of 1993. Concerning Step 2, a progress toward a FEZ establishment on the isles was made when RF Foreign Minister Yevgeniy Primakov in Tokyo proposed a joint economic development of the isles and Japan didn't reject it, although their response is still pending. The author recalled that under the first Russo-Japanese treaty of 1855 concerning the island of Sakhalin it was recognized as a jointly governed territory. Regarding Step 3, the original 10,000 RF servicemen in the isles have been significantly reduced, with further reductions coming and Japan arranging for the retired RF servicemen's retraining. As concerns Step 4, Japan still insists on a "first the territories, then the treaty" principle, while the RF believes in the opposite sequence. As for Step 5, the author argued that "the new generation" of RF politicians who will be ready to solve the problem is to come very soon. In his opinion, "it wasn't for nothing that the Japanese political elite so highly appreciated activities of Boris Nemtsov during his visit to Tokyo."

### 6. Japan Interested in NATO Links

Nezavisimaia gazeta (JAPAN WISHES TO ESTABLISH SPECIAL RELATIONS WITH NATO," Moscow, 4, 6/27/97) reported that Japan's Foreign Minister Yukihiko Ikeda spoke in favor of closer Japan-NATO ties. The idea has encountered a rather reserved response from NATO member-countries because NATO-RF cooperation is currently in its early formative period, and it is considered as unfavorable for a concurrent discussion on special relations between NATO and Japan.

# 7. RF Khabarovsk Area Governor Opposes PRC Land Transfers

Segodnya ("KHABAROVSK GOVERNOR WON'T GIVE EVEN 'A HANDFUL' OF LAND TO CHINA," Moscow, 3, 6/25/97) reported RF Far Eastern Khabarovsk Area Governor Viktor Ishayev as saying, "The border with China shall remain intact. This is our firm position."

#### 8. RF Problems with Far Eastern Area Governor

Kommersant-Daily ("PRESIDENT WILL HAVE TO MAKE PEACE WITH GOVERNORS," Moscow, 1, 6/25/97) reported that "the Kremlin's attempt at the expense of Primoriye Governor to show all regional heads 'who's the boss' seems to have failed .... Morally, Moscow is ready to 'forgive' Yevgeniy Nazdratenko," because otherwise the outcome will be bad in any case, whether he stays, "steps down with a scandal" or is fired by RF President. New elections if held are sure to bring him back even stronger. Presidential Representative, Federal Security Service Gen. Viktor Kondratov failed to find any financial misuse by the Area Administration. Some leading opposition figures support the Governor, the Area legislators don't want to fight him. "The saddest fact for Moscow is that the Kremlin's confrontation with Nazdratenko has been naturally extrapolated on the Center's interrelations with all elected Governors .... many of whom rushed to the defense of their colleague at the Council of Federation."

Segodnya ("PRIMORSKAYA DUMA IGNORES PRESIDENTIAL DECISION," Moscow, 3, 6/25/97) reported that during the June 24 session of Primorskiy Area Duma, it was decided not to hold extraordinary elections of the Area Governor because of a lack of legal grounds for such a measure.

Kommersant-Daily ("LEBED IS AGAINST 'AN EXEMPLARY FLOGGING' OF GOVERNORS," Moscow, 3, 6/26/97) reported Gen. Aleksandr Lebed, former RF Security Council Secretary, as

saying that Primorskiy Area legislators' refusal to hold extraordinary elections of the Area Governor testified to the failure of the plans of "the young reformers" in RF Government. In his words, they wished to arrange for an "exemplary flogging" of Governor Yevgeniy Nazdratenko and thus to subjugate all the other regional presidents and governors in the RF, but the result turned quite the opposite.

### 9. RF Top-Level Governmental Delegation in PRC

Izvestia ("MOSCOW, BEIJING SEARCHING FOR A KEY TO A SAFE-BOX WITH US\$20 BILLION INSIDE," Moscow, 1, 3, 6/26/97) reported on the RF-PRC economic cooperation issues to be negotiated with the PRC leaders by RF Premier Chernomyrdin who before arriving in Beijing is first expected to go Shenchen special economic zone in a Southern part of the PRC. Izvestia's author noted in particular that military-technical cooperation is to be discussed as well, pointing out that RF Foreign Ministry "rather stoically regarded a demarche by US House of Representatives that argued for stopping the US assistance to Russia in case Moscow sells to Beijing its low-altitude high- velocity missiles capable of hitting missile cruisers and destroyers." According to experts, the PRC has no chances to become a "military superpower" in the next 20 years, but "Moscow's defection won't halt the modernization of the Chinese army."

Segodnya ('NEMTSOV PROPOSES TO CHINESE TO DO SOME 'CHEMISTRY' TOGETHER," Moscow, 1, 6/26/97) reported that RF First Deputy Premier Boris Nemtsov, on a visit in the PRC, proposed using RF "unique technologies .... located at a special complex enterprise in the city of Shykhany" in order to eliminate old chemical weapons stockpiles left by Japanese Imperial Army after the World War II on the PRC territory. He said the RF thus could earn "several billion dollars." Japan's cooperation could also be invited. Nemtsov's counterparts in the PRC promised to make their reply to the proposal available after consideration of the issue.

Izvestia ("WHOLE RUSSIA WILL BECOME A SHENCHEN," Moscow, 3, 6/28/97) reported that on RF Premier Viktor Chernomyrdin's arrival at Beijing on his official visit to the PRC. He came to Beijing after spending a day at Shenchen special economic zone in PRC Southern part. After studying the zone experience Chernomyrdin reportedly said that "whole Russia will become such," although with no specific time terms indicated. The Izvestia article also mentioned a trip made by RF First Deputy Premier Boris Nemtsov to the Three Gorges area on the Yangze river where "the world largest hydro power complex" is to be constructed which, according to PRC State Council Premier Li Peng, is highly likely to use RF-made turbines and power generators. Talks between Chernomyrdin and Peng resulted in ten documents signed, the most important of them being the long term framework agreement to increase bilateral trade to US\$20 billion by the early 21st century.

Segodnya ("ANY WEATHER IS A BLISS," Moscow, 4, 6/28/97) and Izvestia ("THREE GORGES ON YANGZE RIVER WAITING FOR OUR ENERGY ENGINEERS," Moscow, 3, 7/1/97) reported on the economic aspects of RF-PRC cooperation after RF Premier Viktor Chernomyrdin's visit to the PRC. The cooperation is to be heavily focused on energy sector. In particular a joint project to develop gas reserves in the PRC seems most promising. Also the RF will export 20-30 million cubic meters of gas annually to the PRC through a gas pipeline to be constructed. This July a joint working group will present its economic calculations for a project of a long distance high-voltage line from Siberia to the PRC which expectedly will be constructed by 2002. During the visit a possibility was discussed of RF participation in elimination of former Japanese army chemical weapons stockpiles left in the PRC after the World War II. The RF also is to assist in the creation of a Su-27SK aircraft assembly line in the PRC expectedly to produce 200 such airplanes annually. Talks are presently underway concerning RF-made anti-aircraft missile complexes and radar systems to be mounted on PRC naval ships. In Beijing the RF delegation

also initiated talks on future deliveries of RF-made Tu-204 and Il-114 civil planes, high speed hover-craft and joint production of Il-86M civil plane and "Ural" heavy duty trucks. Furthermore, although economic issues predominated the RF Premier's visit, there still are some political points yet to be discussed between the two countries, in particular the issue of transferring a piece of territory at their border near the RF Khasan district. RF proposed to draw a new border line almost equidistantly between the present day border and the one envisaged by the 1991 agreement that is to transfer several square kilometers of RF territory to the PRC and therefore is sharply criticized by Primorskiy Area Governor Yevgeniy Nazdratenko. The proposal will be discussed at an RF-PRC deputy foreign ministers' meeting to be held soon.

### 10. RF Media on RF-PRC Military Cooperation

Segodnya ("OUR CHINESE NEIGHBORS HAVE GOT AN ARSENAL IN THEIR BARN," Moscow, 4, 7/2/97) reported on the PRC's military capacities and its international links. In case of war, the PRC Armed Forces could mobilize 340 million men between the ages of 15 and 49. Since 1993 the national military budget has been annually growing by 0.5 percent of the GDP and it has gone up by a third since 1988, that hardly being a ceiling. Since 1986 a concept has been being developed of a possible global nuclear war, although exactly this thesis of Chairman Mao Zedong in the past horrified the West. For several years the PRC has been developing its own solid fuel and MIRV ICBMs. US experts believe PRC nuclear tests in Lobnor testing grounds are aimed at creating more compact nuclear devices to be mounted on DF-31 and DF-41 ICBMs. According to the US CIA, the PRC is most interested in obtain services of RF specialists to create its own version of RF solid fuel SS-25 ICBM, and it tries also to establish contacts with relevant bodies in Ukraine where in the Soviet times SS-18 and SS-24 ICBMs were produced in the city of Dnepropetrovsk. All of the PRC's 150 tactical nuclear weapons are located along the PRC-RF borders. Analysts in the PRC argue in favor of smart hi-tech weapons to be used in low intensity conflicts as well. The influence of the People's Liberation Army since 1989 has ever been growing as a payment for its loyalty to the Communist Party. All these contributed to the result that the post-Deng PRC has been "gradually evolving into an army-state, a huge militarized structure." Although "Chinese army .... lost all wars it has waged in this century," Segodnya's author stressed that all armaments the PRC imports from abroad including those from the RF are of offensive types. He added that despite the official "fraternization" with RF high level delegations discussions are held more and more frequently in the PRC on "the role of the USSR in a 'secession' of Mongolia and Tuva from China, on Moscow's 'provocation' of hostilities at Khalhin-Gol and Damanskiy, on 'inequality' and 'illegality' of the presently effective border agreements including those providing for a transfer of some territories to China."

# 11. RF and PRC-Belarus Military Technology Cooperation

Segodnya ("IT'S GOOD THAT MAZ TRUCKS CANNOT FLY," Moscow, Moscow, 4, 6/28/97) reported that, as regards the recent rumors about alleged RF-PRC cooperation in creation of a "principally new system of control" for PRC nuclear forces, "informed sources" at RF Defense Ministry told Segodnya's author they "have never heard anything more 'delirious.'" Segodnya's author further commented on an article in the Washington Times on alleged PRC-Belarus cooperation in missile technologies. Actually Belarus delivered some MAZ truck wheel carriage system units and the relevant technology. In the past the modified MAZ trucks were used in the USSR as transportation vehicles for Soviet SS-20 intermediate range ballistic missiles eliminated under the USSR-USA 1987 Agreement. Segodnya's author argued that the article in the Washington Times can be seen as a preparation for introducing sanctions against both the PRC and Belarus for an alleged violation of the international Missile Technology Control Regime arrangements. In his opinion, MAZ truck wheel carriage can be considered as being a "missile

technology" only in indirect way, and besides both the PRC and Belarus are not members of the MTCR. It can hardly be maintained that the MAZ wheel carriage system contributed to a creation of a new missile or missile technology. Segodnya's author conceded, though, that the USA is worried that the MAZ truck wheel carriage system would greatly increase the survivability of the DF-31 MIRV ICBMs the PRC plans to deploy by 2000. He speculated that RF Defense Ministry should be worried about the development at least to the same degree, but possibly it was told "to keep silent .... in view of a new upsurge in Russian-Chinese friendship."

#### 12. Taiwan Implications of Hong Kong Handover

Nezavisimaia gazeta ("TAIWAN WORRIED," Moscow, 4, 7/2/97) reported that PRC State Council Premier Li Peng said all issues concerning Hong Kong are now domestic affairs of the PRC, and that the "one country-two systems" principle currently applied to Hong Kong and Macao, will be the basis for dealing with Taiwan in the future.

Izvestia ("TAIWAN WOULD PREFER TO SEE ITSELF AS THE MASTER OF HONG KONG," Moscow, 3, 7/2/97) reported that, during the transfer ceremonies in Hong Kong, the 1842 Sino-British treaty concerning Hong Kong was put on public display in Taipei. At the presentation, Taiwanese Foreign Minister John Chang reportedly remarked that "if in 1950 Great Britain didn't recognize Beijing, then London would have held talks on Hong Kong transfer with us. And we would have had no need for the 'one country-two systems' formula." Although Taiwanese welcome Hong Kong return back to "Chinese ethnicity," Taiwan recently has undertaken a number of actions to demonstrate its unwillingness for its own incorporation to the PRC on the basis of the formula.

### 13. RF Armed Forces Reform Controversy

Sovetskaya Rossia ("TRUTH IS STRONGER THAN A BOMB," Moscow, 2, 6/24/97) published Committee Chairman General Lev Rokhlin's appeal to RF President Boris Yeltsin and the RF military, which covered the present-day financial, organizational, and moral crises of RF Armed Forces which is the reduction of budgetary allocations. He blamed RF President personally for starting the war in Chechnya and attacked RF First Deputy Premier Anatoliy Chubais' privatization policies which left the RF "robbed and pauperized." Rokhlin identified the major threats to the RF Armed Forces as being the social destruction of its officer corps, death of defense industry and subsequent R&D, destruction of RF strategic nuclear forces, and the inability to equip RF Armed Forces with modern warfare means. Finally, Rokhlin urged RF servicemen to organize themselves and demand that the government respect their "lawful rights."

Nezavisimaia gazeta ("LEV ROKHLIN APPEALED TO PRESIDENT AND SERVICEMEN," Moscow, 1, 2, 6/25/97) reported that Rokhlin's appeal "fell on a fertile soil in military units." Exemplified by multiple cases of hunger strikes and other forms of protest by servicemen, as well as by a recent attempt of money-starved military pilots' wives to block an airstrip at Hourba Air Force base in RF far East, tension among the ranks continues to grow.

Segodnya ("THE ARMY IS CALLED TO REBELLION VIA ROKHLIN'S VOICE," Moscow, 1, 3, 6/25/97) reported that Rokhlin's statements "is the way a military coup d'etat usually starts." Though conceding that Rokhlin's ideas coincide with broadly spreading opinions within the Russian military and those of former RF Defense Minister Igor Rodionov, Segodnya' asserted that the appeal is an act by a "brain-frozen" person.

Nezavisimaia gazeta ("ROKHLIN ACCUSED OF ALL MORTAL SINS," Moscow, 2, 6/26/97)

reported that a high-ranking RF Defense Ministry representative called Rokhlin's appeal a "provocation aimed at disrupting the military reform" and "not reflecting the position of the Ministry of Defense." Aleksandr Shokhin, RF Duma First Vice Speaker and one of the leaders of the pro-governmental "Our Home Russia" movement, accused Lev Rokhlin of violating the law and calling for a rebellion.

Segodnya ("PROCURATOR'S OFFICE 'DEALING' WITH ROKHLIN," Moscow, 3, 7/2/97) reported that the RF Chief Military Procurator's Office has undertaken an assessment of Rokhlin's recent appeal to investigate his statements' "compatibility with military manuals and legislation."

Nezavisimaia gazeta ("'OUR HOME' AGAINST 'SHOCK THERAPY'," Moscow, 2, 7/2/97) reported that, in a recent presentation, RF Premier Viktor Chernomyrdin evaluated his recent visit to the PRC as successful, spoke against a "shock therapy" in economic policies, and took a rather mild position on Rokhlin's recent appeal.

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We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

Produced by the Nautilus Institute for Security and Sustainable Development.

Wade Huntley: <a href="mailto:napsnet@nautilus.org">napsnet@nautilus.org</a> Berkeley, California, United States

Choi Chung-moon: cily@star.elim.net

Seoul, Republic of Korea

Peter Razvin: <a href="mailto:icipu@glas.apc.org">icipu@glas.apc.org</a>
Moscow, Russian Federation

Chunsi Wu: <a href="mailto:dlshen@fudan.ihep.ac.cn">dlshen@fudan.ihep.ac.cn</a> Shanghai, People's Republic of China

Dingli Shen: <u>dlshen@fudan.ihep.ac.cn</u> Shanghai, People's Republic of China

Hiroyasu Akutsu: akutsu@glocomnet.or.jp

Tokyo, Japan

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Wade Huntley: <a href="mailto:napsnet@nautilus.org">napsnet@nautilus.org</a> Berkeley, California, United States

Choi Chung-moon: cily@star.elim.net

Seoul, Republic of Korea

Peter Razvin: <a href="mailto:icipu@glas.apc.org">icipu@glas.apc.org</a>
Moscow, Russian Federation

Chunsi Wu: <u>dlshen@fudan.ihep.ac.cn</u> Shanghai, People's Republic of China

Dingli Shen: <u>dlshen@fudan.ihep.ac.cn</u> Shanghai, People's Republic of China

Hiroyasu Akutsu: <a href="mailto:akutsu@glocomnet.or.jp">akutsu@glocomnet.or.jp</a>

Tokyo, Japan

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Nautilus Institute 608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email: nautilus@nautilus.org